

## **CAPE COD TIMES**

**Putting Massachusetts' capital and people back to work [Op-Ed]**

**Article | April 10, 2012 - 11:40am**

**Small Business Banking Partnership pays off**

**Has significant impact on Cape Cod**

**By Treasurer Steven Grossman**

**Special to CapeCodToday.com**

**When I first became Treasurer in January, 2011, I took a full inventory of the potential of my new office. I had campaigned on an agenda of protecting the taxpayer's money, creating jobs and boosting small businesses, and enhancing government transparency, and I wanted to live up to the expectations of the 1.2 million voters who put their faith in me on election day.**

**While it may come as a surprise to the casual observer, the Treasury is much more than a simple clearinghouse for state finances and bonding. I saw opportunities to do business in a more innovative way and to leverage the full influence of the office in a manner that more effectively targets valuable resources to needed areas.**

**Steven Grossman. File photo.**In short order, we developed and kicked off the Small Business Banking Partnership, a program that deposits up to \$10 million apiece into Massachusetts community banks with the understanding that they will expand their lending to creditworthy small businesses throughout the Commonwealth. With nearly \$222 million now on deposit in 43 banks across the state, we're truly putting our money to work. In fact, nearly 900 loans totaling \$133 million have been made by participating banks as of the last reporting period on December 31, 2011.

**The funds come from existing Treasury reserves that have traditionally been deposited in large national or international financial institutions. The banks participating in our program offer competitive interest rates, and our deposits are fully insured. There is no cost to the taxpayer, no subsidy whatsoever. The crucial difference is that more Massachusetts banks will have more money to lend to Massachusetts small businesses to help the Massachusetts economy and create jobs right here at home.**

**While the goals of the Partnership are ambitious, I wanted the program to be simple to administer and simple to participate in. As the former CEO of a 102-year-old family owned business, I knew that complexity – no matter how attractive the lending program – could deter banks from participating. The devil can often be in the details.**

**To participate in the program, banks have to agree to lend the money to small businesses and post on their websites every 90 days the number of loans made and the total amount of dollars that have been put to work, information that the Treasury also posts on its website. We purposefully put forth program guidelines that give us clear metrics to demonstrate that banks are using our deposits for their intended purpose, but that don't over-burden them with onerous, redundant, and time-consuming reporting measures or paperwork.**

**Cape Cod and the Islands have been a substantial beneficiary of the Partnership. Bank of Cape Cod has received \$10 million through the program, and Cape Cod Cooperative Bank and Cape Cod Five Cents Savings Bank have each received \$5 million. More than just numbers, dollars, and cents, however, this money has played a key role in infusing more capital into small businesses on the Cape, going to fund infrastructure improvements, inventory, new equipment, and other related expenses.**

**These are the just kind of investments that will grow the small businesses - on the Cape and across the Commonwealth - that are needed to spur the economy, create jobs, and establish a clear path out of the recession that has hung over us for much too long. It's an innovative approach that forges a true partnership between government and the private sector, one that requires zero risk to the taxpayers and one that isn't burdened down with bureaucratic requirements or impediments.**

**In my travels throughout Massachusetts, I see encouraging signs that the economy is starting to improve and that jobs and business are beginning to grow as consumer confidence increases. Now is the critical time to add fuel to the state's economic engine, and the Small Business Banking Partnership is doing just that.**

**Steven Grossman is the Treasurer and Receiver General of Massachusetts.**